GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1756
ANSWERED ON:10.12.2004
DEBT LIABILITY OF THE GOVERNMENT
Adsul Shri Anandrao Vithoba

Will the Minister of FINANCE be pleased to state:

(a) whether there is growing concern about the level of indebtedness of the Government and its sustainability;

(b) if so, the outstanding liability of the Union Government in percentage of GDP during 1990-91, 1998-99, 2002-03 and 2003-04;

(c) whether there is limited room to invest the borrowings in productive manner; and

(d) if so, the steps taken by the Government to reduce the debt burden and to deploy the borrowing in productive manner?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) and (b) Yes, Sir. The ratio of outstanding liabilities of the Union Government to GDP was 55.3 per cent, 51.2 per cent, 63.1 per cent and 62.2 per cent in 1990-91, 1998-99, 2002-03 and 2003-04 (RE), respectively.

(c) and (d) Because of the prevalence of high revenue deficit, the Government is unable to fully deploy the borrowings in a productive manner, despite the growing investment requirements in the infrastructure sector. The Government is committed to eliminating revenue deficit by March, 2009 as mandated by the Fiscal Responsibility and Budget Management Act, 2003. The elimination of revenue deficit will result in lowering the debt burden and enabling the Government to fully deploy borrowings in a productive manner.